

7. CERB Guidelines

The Coalition to Ensure Responsible Billing, or CERB, was formed by Billing Clearinghouses to take affirmative steps to eliminate cramming. The original guidelines released on October 1, 1998 have had significant effects in reducing cramming. One LEC, SBC, has even adopted these guidelines as part of its third party billing application. CERB recently updated these guidelines in order to ensure continued cramming prevention. These guidelines have been effective without crippling competition.

CONSUMER PROTECTION STANDARDS OF PRACTICE OF THE COALITION TO ENSURE RESPONSIBLE BILLING ("CERB")

In order to protect consumers from unauthorized, deceptive or ambiguous charges on their telephone bills, the Members of CERB hereby adopt and agree to be bound by the following Consumer Protection Standards of Practice.

● PRE-SCREENING OF PROVIDERS AND SERVICES

Members commit to pre-screening all prospective service providers and the programs, products and services they offer.

■ SCREENING OF PROVIDERS

Members will require as a precondition for any business relationships the following:

- Service provider company name and address.
- Names of officers and principals of the company.
- Proof of corporate or partnership status.
- Copies of certifications as required.
- Foreign corporation filings as required.
- Any information regarding whether the company, its affiliates and/or its officers or principals have been subject to prior conviction for fraud or have had billing services terminated.
- That any tariffs be made available on request.
- The names, addresses, officers and principals of any telemarketing companies to be used by the service provider.
- The names, addresses, officers and principals of any third party verification companies to be used by the service provider .

■ SCREENING OF PROGRAMS, PRODUCTS AND SERVICES

Members will require the following information to be provided to them:

- Marketing materials.
- Advertisements (print or other media).
- Applicable fulfillment package (which must include cancellation information if not included elsewhere and a toll free customer service telephone number).
- Scripts for both sales and verification.
- Honest, clear, and understandable text phrase for telephone bill.
- Prior notification of any material change in the above information.

Members will not knowingly provide billing for services employing the following practices:

- Box, sweepstakes, or contest-type entry forms.
- Negative option sales offers, including negative option "free-trial" periods.
- 800 pay per call.
- Collect callback.
- Phantom billing (charging for calls never made or services never provided).
- Such other programs, products or services Members determine to be deceptive or anti-consumer.

Each Member will maintain an internal standards committee to review the information collected for both providers and programs. Members of these committees will have no vested sales interest in the acceptance of a service, product or program.

- **COMPLIANCE MONITORING**

In order to better police the business practices of its service providers and to assure the efficiency of its screening procedures Members commit to engage in active monitoring of providers and programs. Members will:

- Monitor consumer inquiries.
- Monitor consumer complaints to government agencies.
- Monitor escalated complaints to the local exchange carrier.
- Maintain up-to-date records regarding complaints and inquiries.
- Adopt action plans to respond to complaints and inquiries.
- Notify service providers of complaints or inquiries.
- Coordinate investigations with service providers.
- Each Member shall take such disciplinary action as each determines is appropriate under the circumstances.

- **MANDATORY AUTHORIZATION**

It is critical that consumers can depend upon their authorization for the service, product or program for which they will be billed. Verification of authorization must be available from service providers, on request, for a two-year period.

- Members will require service providers to employ one of the following forms of authorization, subject to applicable law:
 - Letter of authorization or sales order, or
 - Recorded independent third party verification, or
 - Voice recording of telephone sales authorization.
- A valid authorization must include:
 - The date.
 - The name, address and telephone number of the consumer.
 - Assurance that the consumer is qualified to authorize billing.
 - A description of the product or service.
 - A description of the applicable charges.
 - An explicit consumer acknowledgment that the charges for the product or service will appear on the telephone bill.
 - A toll free telephone number that subscribers may call to make inquiries concerning the service.
 - The acceptance by the consumer of the offer.
- In addition, authorization verified by an independent third party must include:
 - An initial statement that the purpose of the verifications is to confirm the consumer's intention to accept the sales offer.
 - A statement that the service provider is not affiliated with a LEC, where there is no affiliation.
 - A unique consumer identifier.
 - A review by third party personnel of the entire verification where the verification is automated.

- An independent third party verifier must meet the following criteria:
 - It must be completely independent of the service provider and the telemarketer.
 - It must not be owned, managed, controlled or directed by the service provider or the telemarketer.
 - It must not have any financial incentive in the completion of the sale.
 - It must operate in a location physically separate from the service provider and the telemarketer.

- **CONSUMER-FRIENDLY BILLING PRACTICES**

Central to a consumer's right to ensure that they have not been crammed is the ability to understand and read the telephone bill. Members agree that informed consumers can better protect themselves from unauthorized products or services. Members will support providing consumers a bill that can be easily understood.

Consumer bills should include:

- A clear identification of the billing entity.
- A clear identification of the service provider.
- A clear description of products or services.
- A clear identification of the charges.
- The toll free telephone number that subscribers may call to make inquiries concerning the billing.

- **CONSUMER SATISFACTION**

Consumers must be able to easily and quickly discuss problems. Members are committed to monitoring consumer satisfaction particularly with regard to any disputes or inquiries that may arise. Members will provide quick and thorough responses. Members shall provide on request:

- The name, address, phone number and fax number of the service provider.
- The nature of any charge.
- The method of authorization.
- Information as to how a consumer may cancel a service or product.

In addition, in order to facilitate resolution of disputes Members will:

- Provide a toll free customer service number.
- Provide dedicated staff to respond to consumer inquiries.
- Provide a full and timely investigation of any dispute.
- Initiate a credit or respond to the consumer within 30 days of the consumer's dispute.

● **DISCLOSURE**

Members may share with each other and, upon request, will provide federal and state enforcement agencies with the following information:

- Identifying information with respect to terminated service providers and programs.
- A description of specific practices relating to cramming that the Members have encountered, and the steps being taken by the Members to correct them.
- Aggregate data with regard to complaints filed with federal and state government authorities received by Members.

On October 1, 1998, a copy of these Standards of Practice and a list of all Members were sent to the Federal Communications Commission, the Federal Trade Commission and all state Public Utility and Service Commissions and each state Attorney General. These Standards were updated and redistributed to the above parties on November , 1999.

Members:

Billing Concepts
Federal TransTel

ILD Teleservices
HBS Billing Services
USP&C

Integretel
OAN Services

The Coalition to Ensure Responsible Billing was formed by the United States' leading billing clearinghouses in an effort to combat consumer fraud on the local telephone bill.

***For more information visit our website at www.cerb.org
or contact us at (202) 424-7522***

Anti-Competitive Local Exchange Carrier Actions

Certain materials in this booklet are CONFIDENTIAL and have been provided pursuant to requests from Congressional offices and federal regulators to provide evidence of threats to competition in the telecommunications industry. This booklet is not intended for replication or distribution beyond its original recipient.

TABLE OF CONTENTS

1.	LOCAL EXCHANGE CARRIERS ARE USING CRAMMING AS AN EXCUSE TO HINDER COMPETITION	1
2.	ANTI-COMPETITIVE LEC ACTION—AMERITECH.....	3
3.	ANTI-COMPETITIVE LEC ACTION—BELL ATLANTIC	9
4.	ANTI-COMPETITIVE LEC ACTION—BELLSOUTH.....	14
5.	ANTI-COMPETITIVE LEC ACTION—CINCINNATI BELL.....	18
6.	ANTI-COMPETITIVE LEC ACTION—SBC.....	21
7.	ANTI-COMPETITIVE LEC ACTION—US WEST	28
8.	USTA WEB SITE EXCERPTS.....	30
9.	CERB GUIDELINES	35
10.	FCC 1997 CRAMMING SCORECARD	39
11.	FCC 1998 CRAMMING SCORECARD	42

1. LOCAL EXCHANGE CARRIERS ARE USING CRAMMING AS AN EXCUSE TO HINDER COMPETITION

As Congress intended when it passed the Telecommunications Act of 1996, competition has stimulated the proliferation of telecommunications-related products and services. Consumers now benefit from a number of enhanced, or "ancillary," telephony products, including new types of telephones, caller identification, personal 800 numbers, answering services, voice mail, paging, "follow me" calling, Internet access, Internet web hosting, and information and entertainment services. However, a few unscrupulous telecommunications entrepreneurs, coupled with consumer confusion about the changing marketplace, have led to a phenomenon known as "cramming." Cramming is the appearance of unauthorized charges on a consumer's local telephone bill. It is a serious consumer issue. Billing clearinghouses (the middlemen that consolidate charges from many small telecommunications companies and contract to place those charges on the local telephone bill) recognize the grave threat cramming poses to consumers and are aggressively fighting to end the practice (see attached Standards of Practice for billing clearinghouses). At the same time, LECs are exploiting the cramming issue to hinder competition and keep the new markets to themselves.

The sale of enhanced products represents a significant growth opportunity for American business, including LECs and their competitors. Industry estimates show that sales of enhanced, ancillary products totaled almost \$6 billion in 1997 with an expected growth to \$10 billion annually in 2000.¹ Even though the Telecommunications Act of 1996 sought to bring competition to all telecommunications markets, including the enhanced products and services market, the incumbent carriers are using their strength in the local service market to undermine Congress's vision for competition. The LECs are using the telephone bill—which they control—to deny end users efficient and non-discriminatory access to competitors.

Under the guise of implementing tough "pro-consumer" anti-cramming policies, LECs have imposed strict requirements on competitors who need the local telephone bill to reach their consumers. The LECs do not hold their own ancillary products and services to the same strict requirements. Such policies are discriminatory when a LEC applies strict requirements to deny billing for a competitive provider but applies more lenient guidelines to continue billing for its own service. This discrimination constitutes anti-competitive behavior.

It is critical that the telecommunications industry aggressively work to end cramming. At the same time, the government should ensure that LECs are not permitted to use cramming as a subterfuge to thwart competition. It is possible to protect consumers and enhance competition simultaneously. Regulators should work toward this goal.

This paper contains several specific examples of discriminatory, anti-competitive behavior by LECs. It is intended to illustrate how LECs are exploiting cramming and leveraging their monopoly over local exchange service to hinder competition in new markets.

¹ Cowen and Company, 1998 Report on Enhanced Services (Exhibit 1-1)

Exhibit 1-1

(1 of 2)

Enhanced Services: Services & Products To Provide A Competitive Edge

☐ It Ain't Just Plain Old Telephone Service Anymore

POTS. Basic voice telephony service has been adorned by a variety of enhanced services over the years. These services include Caller ID, Call Waiting, and Call Forwarding. These products have enabled the carriers to offer differentiated products to more effectively build customer loyalty, and more significant, generate new revenue streams to help offset the potential loss of revenues to competition. In the most recent quarter, the Regional Holding Companies (RHCs) generated on average about 7% of their total revenues from vertical services (on an average revenue base of \$20 billion). More significant, these applications contributed about 15% of the total top-line gains. The profitability of these services is equally compelling. We estimate that the margin on these services is 75%-plus due to the lack of any incremental marketing required as these products are sold with basic services and are often advertised in monthly statements. We believe that existing and new carriers will continue to add new applications to their enhanced services offerings to expand as new technologies are deployed and demand for data continues to grow.

VERTICAL SERVICE CATEGORIES

CLASS:

Caller ID
Call Waiting ID
Last Call Return
Continuous Redial
Anonymous Call Rejection
Priority Call
Specific Call Rejection
Selective Call Forwarding
Call Trace

AIN:

Do Not Disturb
Single # Service
500 Services
Custom Routing Services
Wireline/Wireless Integration Services
Calling Party Pays
Paging Party Pays
Centrex Enhancements

CUSTOM CALLING:

Call Waiting
Call Forwarding
3-Way Calling
Speed Dialing
Call Forwarding Busy Line
Call Forwarding Don't Answer

OTHER:

Voice Messaging
2-Way Messaging
Home Receptionist Screen Phone
Custom Ringing

☐ Domestically, Enhanced Services Are Likely To Reach \$10 Billion By 2000

We believe that the market for enhanced services in the U.S. will rise to \$10 billion by 2000. This compares to \$6 billion at the end of 1997. There are two drivers: 1) the incremental revenue streams and related growth are great incentives for carriers to offer these products, and 2) penetration is still very low. On average, total penetration for enhanced services is about 15-20%, with rates ranging from a low of 10% to as high as 45% for Caller ID. On average, customers take 5-6 service options with their basic telephony service and we believe that this

Exhibit 1-1

(2 of 2)

will rise as well. Also, second lines are growing. At the end of 1997, second line penetration was roughly 18%. This is expected to reach 25% by 2000. More significant, the number of enhanced services that are sold into second lines averages about 2.5. As the penetration of second lines increases so, too, will the number of features sold on those lines and related revenues. Long term, by 2005, we believe that enhanced services could reach as much as 25% of the telecom market in the U.S., equal to \$30 billion.

1Q98 FUNDAMENTAL GROWTH METRICS (\$ MM)

	AIT	BEL	BLS	SBC	USW	Average
Call Features						
Revenue Growth	21%	14%	18%	16%	12%	16%
% Total Revenue Growth	18%	18%	9%	11%	26%	16%
% of Total Revenues	7%	3%	7%	5%	11%	7%
Penetration Rates						
Caller ID 1Q98	27%	21%	32%	47% SWT 8% PAC	30%	27%
Caller ID 1Q97	25%	17%	25%	45% SWT 5% PAC	27%	29%
2 nd Lines 1Q98	20%	20%	14%	23%	14%	18%
2 nd Lines 1Q97	15%	16%	12%	20%	10%	15%

☐ Consumers Are Not The Only Users Of Enhanced Services

The overall telecom services market for consumers in the U.S. is projected to grow from \$90 billion in 1997 to \$115 billion in 2000. With average growth of 8% per annum, the carriers are well advised to sell additional features and enhanced services bundles into this market, which represents nearly 40% of the overall market for telephony services. Consumers, however, are not the only users of enhanced services. The business market is adopting enhanced services. As more professionals work out of their offices, whether from their homes or on the road, they need sophisticated calling features to bring their office with them. Further, as corporations seek to improve productivity and strengthen customer service through more cost efficient measures, enhanced services offers them an attractive option. According to market statistics, roughly 70% of all business transactions are done over the telephone. Further, 3 out of every 4 business calls terminate in voice mail. Overall, the business telecom market in the U.S. was \$116 billion in 1997 and will grow to more than \$200 billion by 2000, creating a huge platform to exploit.

☐ Global Market Should Be Explosive

With the advent of competition, new technologies and improved telephony systems, the demand for enhanced services in the international markets should rise as well; specifically Europe. The acceptance of technology is very high in the European markets (wireless penetration is 40%-plus in Sweden, and Finland has the second highest Internet penetration behind the U.S.). We believe that, as more modern infrastructure is deployed, the number of services offered will explode as will demand.

2. ANTI-COMPETITIVE LEC ACTION—AMERITECH

Denial of Billing Services to Competitors

In December 1998, Ameritech refused billing for a competitive Internet access service. Ameritech claimed that the provider's rate structure could result in a total monthly charge over Ameritech's arbitrary limit of \$50.² Ameritech does not apply this limit to itself. Ameritech bills the same product with no \$50 limit.

The denied competitor offers a program that provides consumers with five hours per month for \$9.95. Each additional hour costs \$2.95 per hour. Ameritech offers a program for \$8.95 per month for ten hours with each additional hour costing \$1.95.³ Ameritech's ten hour alternative could also cost the consumer more than \$50 per month.

² Ameritech Denial Form dated December 17 1998 (Exhibit 2-1)

³ Ameritech Website, <http://www.ameritech.net/visitors/answers/body.html> (Exhibit 2-2)

Exhibit 2-1
(1 of 3)

DEC 10 1997 03:04 PM AMERITECH 3397

R47 240 0503 TO 918029332077

P. 11/22

AMERITECH LONG DISTANCE SERVICES
BILLING SERVICES GUIDELINES
PROGRAM APPROVAL REQUEST FORM

DATE: 12-8-97

COMPANY NAME: Federal TransTel

CIC: 285

ACNA: _____

CONTACT: [Redacted]

ADDRESS: 2868 Acton Rd., Suite 100, B'ham, AL 35243

TELEPHONE NUMBER: 800-933-6600, [Redacted]

FAX NUMBER: 800-933-0077

1. Program Number/Name: [Redacted] Corporation, 129

2. Complete Program Description: Additional internet access usage billed by the hour.

☐ Voice Mail ☐ Monthly Club ☒ Internet
☐ Equipment ☐ Psychic ☐ 900

3. If program is to be billed under SUBCIC please indicate:

SUBCIC Name: [Redacted] SUBCIC Number: 129

4. What record/records will be used to bill the program/service/messages?

☒ 42-50-01 Miscellaneous Charge Record
☐ 01-XX-18 Specialized Services
☐ Other (record type _____)

6
CONFIDENTIAL
Subject to restrictions on first page

Exhibit 2-1

(2 of 3)

DEC 18 '98 09:04 FR AMERLEO- 2097

047 240 6563 TO 919029332077

P.12/27

5. What amount will be billed to the end user?

_____ One time charge _____ Monthly \$2.95 ^{hour} Per-minute

6. Text Phrase/Code: AOL5 USAGE

7. What number/method is used by the end user to:

A. Subscribe to this program/service? Online LOA and Reverse ANI match via a toll-free number

B. Access this program/service? Local access OR toll-free depending on user's location

C. Inquire about this program/service? FTT 1-800-388-8111

D. Cancel this program/service and time frame for cancellation? FTT 1-800-388-8111 and cancellation is immediate

NOTE: If at any time the above number/method changes to subscribe, access, inquire about, or cancel the program/service, Customer must notify AOC.

8. If the service is accessed via an 800 number, which of the following methods will be used to confirm authorization from the end user?

Online LOA and Reverse ANI match

A. Signed Letter of Authorization (LOA) from end user.

B. Written notice mailed to bill address advising to call a 900 number to activate PIN and commence billing.

C. Promotional mailing to bill address which contains PIN. End user calls 800 number to activate PIN. Confirmation letter mailed to end user to verify agreement.

9. If the service is accessed via an 800 number, will the end user enter into a subscription agreement that meets the requirements of Section 228 (c)(3) of the Communications Act of 1934?

yes

7

CONFIDENTIAL

Subject to restrictions on first page

Exhibit 2-1

(3 of 3)

DEC 16 '98 05:04 FR AMERITECH PG97

047 249 5563 TC 91805338277

P.13/20

NOTE. This form must be fully completed and accompany each request in order for a program/service/messages to be considered for billing. Approval is required prior to Customer submitting programs/services/messages for billing.

This section to be completed by Ameritech Long Distance Industry Services:

☐ Approved

☐ Need additional information

☒ Not Approved

If not approved or additional information needed, explain:

method of billing may exceed \$50.00 program limit

Associate Manager

Date: *12/17/98*

CONFIDENTIAL
Subject to restrictions on first page

Exhibit 2-2

Ameritech.net Software

1. Which operating systems (Windows, Macintosh) does Ameritech.net support?
2. Is Microsoft Internet Explorer provided as part of the Ameritech.net software?
3. Can I use other Internet software with my Ameritech.net account?

Email

1. I'd like other members of my family to have their own email addresses; is it possible to set up multiple email accounts?

Usenet Newsgroups

1. How many Usenet newsgroups does Ameritech.net offer?
2. Does Ameritech.net censor Usenet newsgroups?

Terms of Service

1. What are the Terms and Conditions of membership with the Ameritech.net service?
2. What is Ameritech.net's position on spam?

How much does the Ameritech.net service cost?

There are three different payment options. When you sign up as a member, you'll be able to choose from:

- a flat-fee monthly rate of \$21.95 for unlimited Internet access
- a limited-access rate of \$8.95 per month for up to ten hours of access per month; additional hours are billed at the rate of \$1.95 per hour
- a flat-fee rate, pre-paid annually, of \$213 for unlimited Internet access

These plans cover dial-up access or ISDN access at up to 64Kbps. Under these plans ISDN access up to 128Kbps is available for an additional \$1.95/hour. We also offer plans for unlimited 128Kbps ISDN access:

- a flat-fee monthly rate of \$49.95 for unlimited 128Kbps (2 B-channel) ISDN access
- a flat-fee rate, pre-paid annually, of \$489 for unlimited 128Kbps (2 B-channel) ISDN access

Each of the pricing plans above includes a fee for services from UUNET. For the \$21.95 unlimited access and \$8.95 limited access plans, both billed monthly, the fee for UUNET services is \$2 per month. This \$2 fee is included in the pricing plans listed above. For the annual pre-paid price plan, the UUNET fee is \$24 of the total annual charge of \$213. Applicable state and local taxes will be added to all charges.

What does my Ameritech.net membership include?

Your membership includes an Internet account which can be used for Web browsing, email, and other online activities, including 2MB of storage for Web pages. You will receive all the software you need to access the Internet. In addition, the Ameritech.net package includes Cyber Patrol, a top-rated parental control program.

How will I be billed for the Ameritech.net service?

Your Ameritech.net charges can be billed to your credit card (we accept Visa, MasterCard, or American Express), or to your Ameritech phone bill.

Please be advised that you will still need a credit card at the time of account setup for verification purposes, even if you choose the telephone billing option.

3. ANTI-COMPETITIVE LEC ACTION—BELL ATLANTIC

Discriminatory Practices for Billing Competitive Services

I. On July 27, 1998, Bell Atlantic notified FTT that it:

“will no longer approve billing for new Miscellaneous Services [i.e., voicemail, caller ID, etc.] that are marketed through a sweepstakes or contest campaign, or any other marketing practice that offers a consumer a chance to win a prize for no consideration.”⁴

Yet Bell Atlantic launched its own sweepstakes promotion to stimulate sales of Bell Atlantic's miscellaneous services. On January 5, 1999, Bell Atlantic announced its “Save Like Wild” sales promotion that “offers savings and discounts on consumer products and services such as Caller ID, Call Waiting ID, additional lines, Call Manager, Home Voice Mail, and others.” Bell Atlantic stated it “will promote a Save Like Wild Vacation Sweepstakes. Customers who order featured Bell Atlantic products or services through April 3 will automatically be entered in the contest.”⁵

II. Bell Atlantic is also planning to implement a blocking system ostensibly to help consumers control what levels of services are added to their phone bills. However, consumers will only be allowed to block the services of competitors, but not those offered by Bell Atlantic. In order to purchase a competitive service, a consumer using the blocking mechanism would have to go through the trouble of reversing the block. Customers ordering Bell Atlantic products would not confront this inconvenience.⁶

III. Bell Atlantic announced a temporary moratorium on competitors' products in May 1998.⁷ That moratorium is now nearly a year old. This moratorium on competitive products did not stop Bell Atlantic from launching the “Save Like Wild” promotion mentioned above.

⁴ Letter dated July 27, 1998, from Bell Atlantic to FTT (Exhibit 3-1)

⁵ Bell Atlantic Press Release dated January 5, 1999 (Exhibit 3-2)

⁶ Bell Atlantic Press Release dated July 22, 1998 (Exhibit 3-3)

⁷ Bell Atlantic Press Release dated July 22, 1998 (Exhibit 3-3)

Exhibit 3-1

Bell Atlantic Network Services
125 High Street
Oliver Tower, Room 19059
Boston, MA 02110
617 342-6616 Fax 617 342-6620

[REDACTED]
[REDACTED]
[REDACTED]



July 27 1998

Federal TransTel, Inc.

[REDACTED]
2868 Acton Rd., Suite 100
Birmingham, AL 35243

Dear [REDACTED]

On April 24, Bell Atlantic announced that because of significantly increasing complaints regarding cramming, it was suspending approval and billing of any new Miscellaneous Services. We are in the process of developing a comprehensive policy statement regarding the types of services that we will bill for. However, in reviewing the complaints that we have received, it appears that some Miscellaneous Services are being marketed through sweepstakes or contest entry forms. For example, a service provider may induce a customer to sign up for a service by offering the consumer a chance to win such items as a new boat or cash. Although the inducements are typically displayed prominently, the sweepstakes or contest entry forms authorizing the billing of a new service are often printed in small-point type. This may have the effect of confusing customers because they do not realize that they are authorizing billing for a new service when they enter these sweepstakes or contests.

Bell Atlantic has thus determined that it will no longer approve billing for new Miscellaneous Services that are marketed through a sweepstakes or contest campaign, or any other marketing practice that offers a consumer a chance to win a prize for no consideration. In addition, effective September 1, we will not accept billing for new customers of Miscellaneous Services programs that are currently offered through a sweepstakes or contest campaign. Please take the steps necessary to ensure that the sweepstakes marketing programs for these services are discontinued and that charges for new customers are not submitted for billing after September 1. Finally, as we have previously announced, we will immediately adjust the customer's bill if the customer complains about the charges for any Miscellaneous Service.

We appreciate your cooperation in helping us to solve the cramming problem that continues to plague our industry. Please call your account manager if you have any questions.

Sincerely,

[REDACTED]
[REDACTED]
[REDACTED]

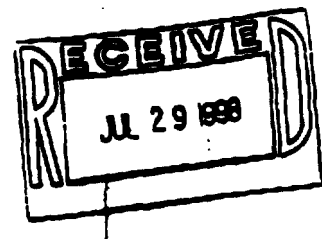


Exhibit 3-2

Bell Atlantic Advertising Campaign Puts Busy Households in Spotlight

Ads Support 'Save Like Wild' Sales Program

January 5, 1999

Media contact: John Bonomo, 212-395-7756

NEW YORK—Busy households take center stage in a new Bell Atlantic advertising campaign that begins today.

The campaign, which will run through the first quarter of the year, will support the company's "Save Like Wild" sales promotion that offers savings and discounts on consumer products and services such as Caller ID, Call Waiting ID, additional lines, Call Manager, Home Voice Mail and others. (Note to editors: See related Bell Atlantic news release issued today titled, "Jangled Nerves from Jangling Bells? Save Like Wild on Call Management Features.")

"Customers have consistently told us that their lives are busier than ever," said Janet Keeler, Bell Atlantic vice president for Marketing Communications and Brand Management. "With so many activities to juggle, it's the communication that helps to keep their lives in order. Bell Atlantic products and services help the members of these busy households stay in touch and manage their communications more efficiently."

The advertising campaign will promote a Save Like Wild Vacation Sweepstakes. Customers who order featured Bell Atlantic products or services through April 3 will automatically be entered in the contest. No purchase is necessary, and winners will be chosen at random in May for 10 dream vacations, each worth up to \$25,000.

The advertising campaign will use television, radio, print, direct mail, bill inserts, telemarketing and the Internet to create awareness of the products, services and special offers. The campaign will focus on 19 markets throughout the company's Maine-to-Virginia service area. In addition, there will be local promotions of some products.

Keeler said the advertising will feature everyday household situations, and special promotions will focus on telecommuters and online households. "The broadcast advertising will include situations involving the traditional family with teens, work-at-home scenarios and roommates. All the spots have a central theme -- that our customers can communicate whenever and however they choose by using Bell Atlantic products and services. And there's no better time than now to take advantage of the savings."

The campaign is directed toward the following segments: mass audience, work-at-home, African-American, Hispanic and Asian-American.

Bell Atlantic is at the forefront of the new communications and information industry. With 42 million telephone access lines and eight million wireless customers worldwide, Bell Atlantic companies are premier providers of advanced wireline voice and data services, market leaders in wireless services and the world's largest publishers of directory information. Bell Atlantic companies are also among the world's largest investors in high-growth global communications markets, with operations and investments in 23 countries.

Copyright © 1998 Bell Atlantic Corporation

Exhibit 3-3

(1 of 2)

Bell Atlantic Launches New Attack on 'Cramming;' Customers Can Limit Which Providers Appear on Bill

First Company to Give Customers Such Control

July 22, 1998

Media contact: Paul Miller, 804-772-1460

NEW YORK—Bell Atlantic today became the first telecommunications company in the country to unveil plans to allow its customers to limit the service providers whose charges are carried on their Bell Atlantic telephone bill. The move is the latest in a series of bold initiatives by Bell Atlantic to thwart the growing practice of "cramming," or the inclusion of bogus charges on telephone bills.

"Our customers want and deserve control over their phone bills. We intend to give them just that," said James G. Cullen, president and CEO of Bell Atlantic's Telecom Group.

Bell Atlantic now bills its customers for telephone calls and for other miscellaneous charges submitted by any company with which it has a billing contract. Beginning in several months, customers will be able to notify Bell Atlantic that they want to be billed for the miscellaneous charges only of certain service providers -- namely, Bell Atlantic itself and the customer's pre-selected providers of regional toll and long distance services. If customers elect this option, Bell Atlantic could still bill them for the telephone calls they make using other providers, since these are not miscellaneous charges.

Many customers appreciate getting all their telecommunications charges on one bill. To meet that requirement, Bell Atlantic provides billing services to a wide variety of telecommunications providers.

Bell Atlantic is recognized as an industry leader in attacking the cramming problem. Earlier this month the company changed its policy for the handling of cramming inquiries. In the past, when customers called the company to complain about a charge for a service that was not used or authorized, they were instructed to call the service provider that originated the charge.

Today, however, the matter can be resolved with a single phone call to Bell Atlantic. If the charge is suspected to be associated with cramming, Bell Atlantic will take it off the bill immediately.

Other recent steps taken by the company include:

Termination of billing services for certain providers -- Bell Atlantic has, to date, served formal notice on seven billing aggregators (companies that act as clearinghouses for providers of telecommunications and related services) that it would no longer bill for their services unless they cure problems caused by at least 35 telecommunications providers who are generating cramming complaints from customers. Bell Atlantic has also demanded that these aggregators implement more stringent procedures to screen the marketing practices of the telecommunications service providers who use them as a clearinghouse.

Exhibit 3-3

(2 of 2)

A moratorium on providing new billing services -- In May Bell Atlantic declared a moratorium on the billing of any new services not previously approved until it can be assured that cramming is under control. Bell Atlantic has historically screened proposals for billing new services and has reserved the right not to bill for objectionable services.

A recent Bell Atlantic study revealed that customer complaints about cramming have escalated. So far this year, the company has received roughly 8,000 cramming complaints prompting this strong action by Bell Atlantic.

Bell Atlantic -- formed through the merger of Bell Atlantic and NYNEX -- is at the forefront of the new communications and information industry. With more than 41 million telephone access lines and 6.7 million wireless customers worldwide, Bell Atlantic companies are premier providers of advanced wireline voice and data services, market leaders in wireless services and the world's largest publishers of directory information. Bell Atlantic companies are also among the world's largest investors in high- growth global communications markets, with operations and investments in 23 countries.

Copyright © 1998 Bell Atlantic Corporation

4. ANTI-COMPETITIVE LEC ACTION—BELLSOUTH

Denial of Competitive Products

BellSouth sells an enhanced product that protects consumers' telephones and telephone-related electronics, such as Caller ID boxes, from damage including electrical surges. A competitive provider offers a product that protects the same equipment from electrical surges.⁸ In addition, this product's protection extends to whatever other electronics may be in the household. BellSouth refused to bill for the competitive product on the grounds that doing so "may be expanding our billing of products out further than we want to go at this time."⁹

⁸ Advertisement from competitive provider (Exhibit 4-1)

⁹ Email dated November 16, 1998, from BellSouth to FTT (Exhibit 4-2)

Exhibit 4-1
(1 of 2)

Clean Power Systems

*Guaranteed Protection
Inside the Home*

Power line and problem area contamination can affect home electrical systems, causing power surges, brownouts, and electrical fires and spikes that can destroy your [redacted] provide protection for your [redacted] which is easy to apply.

Benefits

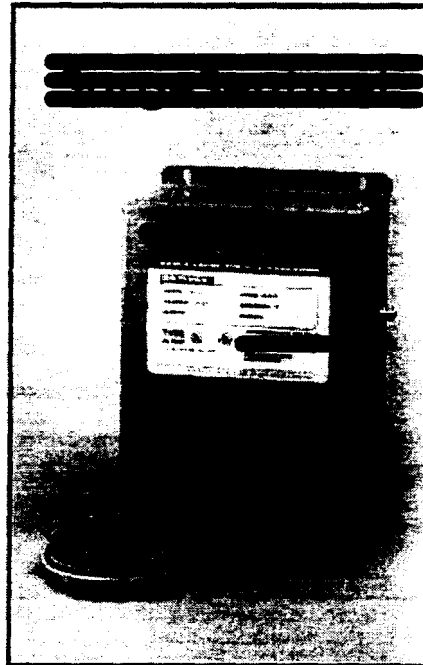
The [redacted] provides the following benefits to the home owner:

- protection against surges and spikes to telephones, fax machines, modems, and computers, etc.
- protection of sensitive appliances and equipment
- reduced electrical costs
- longer lasting electrical wiring
- protection of electrical equipment

Advantages

The [redacted] has several advantages:

- It is easy to install.
- It is easy to use.
- It is easy to maintain.



\$25,000 OF PROTECTION

[redacted] will repair or replace any electrical equipment that is damaged by a power surge while the [redacted] unit is in use. Up to \$25,000 per incident. Call [redacted] for more details.



Exhibit 4-1
(2 of 2)

**"Put ██████████ to Work
for You Today!"**

Applications

When a person is given with the feeling of blind trust, it does not show any significant difference between the proposed and practical descriptions. However, this is due to the following:

Phone Lines

- Egyptians
- Mesopotamians
- Ancient Greeks
- Ancient Romans
- Islamic Middle Ages
- European Renaissance

Electrical Line:

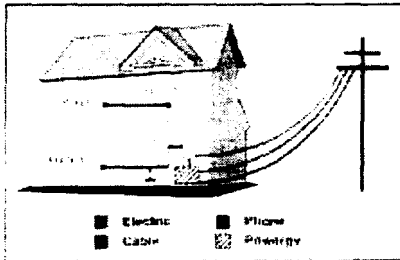
- Computer
- Network
- Application
- Architecture
- Home Entertainment Systems
- Graphics Chipsets
- Game Modems
- Networking Modems
- Servers

Cable Lines

- DSN: 800-368-2772
- Standard Car 2-1-1

Installation

- **Free-Form Deformation**
- **Material properties** (e.g. **plasticity**)
- **Temperature effects**



OUR PROTECTION POLICY

If you have a company website [redacted] send it your home
and if a single copy [redacted] or phone call or email. You
will certainly see [redacted] availability of the
document in mind [redacted] will take a minimum
of input from those [redacted] up to \$25,000.

Specifications

[illegible]

Power Line Voltage	140-240 VAC
Phase and Configuration	Single
Frequency	50-60 Hz
Energy Dissipation (AC Power)	500 J (500 J) (Telephony: 500 J)
Peak Pulse Current	85,000 A (8.20 us current wave)
Suppressed Voltage Ratings	L-N: 500 V L-G: 500 V N-G: 500 V
Total VAR	0-250
Operating Temperature	-40°C to 70°C
Line Wires	#12 THHN w/b
Circuit Breaker Required	20 A, 2 pole
Dimensions (WxDxH)	11.5 x 8 x 11
Weight	10 lbs.

Several other units are available or specifications are custom units easily designed for volume orders.



1980-1981
1982-1983
1984-1985

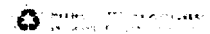


Exhibit 4-2

From: [REDACTED]
Sent: Thursday, November 19, 1998 11:08 AM
To: [REDACTED]
Cc: [REDACTED]
Subject: [REDACTED]

Told them we did not agree with their decision and that we want to escalate and set up a meeting with the person that can make the decision to approve.

From: [REDACTED]
Sent: Monday, November 16, 1998 9:29 AM
To: [REDACTED]
Subject: [REDACTED]

[REDACTED]
[REDACTED] was not approved. It does sound like a good product but BellSouth feels at this time that this product may be expanding our billing of products out further than we want to go at this time.

Secondly, it was felt that there is a risk where BellSouth could be held liable in cases where something happens to the equipment itself or to the individuals property in cases of equipment failure, overload, etc.

If we need to discuss, please call me.

Charleen
[REDACTED]

5. ANTI-COMPETITIVE LEC ACTION—CINCINNATI BELL

Denial of Competitive Products

Cincinnati Bell sells Caller ID equipment to its customers. Their equipment cost between \$20 and \$200, depending on the features, and is billed to the customer's local telephone bill. Cincinnati Bell contracts with manufacturers to procure their caller ID equipment. One manufacturer chose to sell caller ID equipment independently—in competition with the equipment offered by Cincinnati Bell. This competitor applied to bill the charge on the local telephone bill. The arrangement would have provided consumers two choices for Caller ID phones, both of which would be billed via the local telephone bill.

Cincinnati Bell refused to bill for this competitive equipment on the grounds that it bills only for services, not for products, and that it will not bill any equipment charge over \$25.¹⁰ Cincinnati Bell sells a phone for \$89.95 that includes caller ID and other options. Customers may pay for this phone through a one-time charge on their local phone bill.¹¹

¹⁰ Email dated March 25, 1998, from Cincinnati Bell to FTT (Exhibit 5-1)

¹¹ Email dated March 25, 1998, from FTT describing telephone call to Cincinnati Bell (Exhibit 5-2)